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C O N F I D E N T I A L SECTION 01 OF 02 MANAGUA 000246

SIPDIS

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STATE PASS HHS FOR SECRETARY LEAVITT AND OFFICE OF GLOBAL  
HEALTH AFFAIRS (STEIGER AND CORREA-DE-ARAUJO)  
MCA FOR AMBASSADOR DANILOVICH  
DEPT FOR WHA A/S SHANNON AND WHA/CEN  
DHS FOR SECRETARY'S OFFICE (ADAM ISLES)

E.O. 12958: DECL: 01/29/2017  
TAGS: [PGOV](#) [PINR](#) [KDEM](#) [NU](#) [PREL](#)  
SUBJECT: SECRETARY LEAVITT,S MEETING WITH HONDURAN  
PRESIDENT ZELAYA

REF: TEGUCIGALPA 00076

Classified By: Ambassador Paul A. Trivelli. Reasons 1.4 (B,D).

¶1. (C) Summary: On January 9, 2007 the U.S. Presidential Delegation (Presdel), led by Health and Human Services (HHS) Secretary Michael Leavitt, discussed with Honduran President Jose Manuel Zelaya a new regional health-care training initiative; Honduras' petroleum dependency; resolving the need for road-maintenance legislation for the Honduran Government's (GOH) Millennium Challenge Account (MCA) program; bilateral immigration concerns, including the GOH's desire for continued Temporary Protected Status (TPS); and the GOH's offer to serve as an intermediary between the U.S. and Cuban Governments. President Zelaya expressed his Government's interest in the new health initiative and invited the Secretary to visit Honduras. End Summary.

¶2. (C) President Zelaya opened the meeting by noting that Honduras' main problem is its reliance on petroleum, a "volatile, speculative commodity" subject to unpredictable price fluctuations. He called for USG assistance in resolving Honduras' "difficulties" with U.S. oil companies that provide petroleum and its derivatives to Honduras. Citing Texaco and Shell (Foreign Minister Milton Jimenez Puerto interjected to note that Shell is a Dutch-Anglo consortium) as the primary petroleum refiners and retailers in Honduras, President Zelaya explained these companies have refused to consider the GOH's proposal to run a competitive tender to purchase oil products on the market instead of pegging them to exorbitant international rates (Reftel).

¶3. (C) President Zelaya alleged that Texaco and Shell, companies he claimed maintain an "oleopolio" in Honduras, have threatened to "cut their supplies" to Honduras if it does not comply with their terms. He said this impasse could force the GOH to consider an offer from Venezuelan President Hugo Chavez to provide the indispensable resource under more attractive terms -- an option that would not be convenient for either the United States or Honduras, he warned. Assistant Secretary Shannon confirmed President Zelaya has raised these concerns twice with President Bush, as well as with U.S. Embassy officials in Tegucigalpa, and stated the USG is exploring ways to stabilize oil prices via the Meso-America Initiative of the Inter-American Development

Bank.

#### TPS and Other Immigration Concerns

14. (SBU) President Zelaya then touched on U.S. immigration policy vis a vis Honduras, specifically the need for the extension of what he termed the "almost legalized immigration status" of some 80,000 Hondurans who participate in the U.S. Temporary Protected Status (TPS) program. Assistant Secretary Shannon clarified that Honduras' access to TPS is set to expire in July 2007. He assured President Zelaya he will convey these concerns to Washington decisionmakers.

#### GOH Welcomes Health Initiative

15. (SBU) Secretary Leavitt next outlined his vision for the new regional health initiative, whose centerpiece is a regional training facility in Panama to train hundreds of health workers, including nurses, medical technicians, and community health workers from the region. Suggesting the center could train 150-300 health workers per year to start, the Secretary explained the program will focus on the training of service providers from rural areas. President Zelaya congratulated the Secretary for the initiative and assured him he can "count on our cooperation." The Secretary described the next steps in the program -- drafting a Memorandum of Understanding, visiting the participating countries, and possibly signing the agreement in a regional venue. The Secretary clarified the health initiative arose from a meeting of Central American Ministers of Health in June 2006. President Zelaya promised to follow up on the details with the Honduran Minister of Health and to work with Panamanian President Torrijos to ensure progress.

#### Honduras Offers to Serve as Intermediary for U.S.-Cuba Talks

16. (C) Remarking that Honduran Foreign Minister Jimenez Puerto had traveled to Cuba in December, President Zelaya suggested that Honduras, through its new Embassy in Havana, could help facilitate talks between U.S. and Cuban Government officials. President Zelaya urged the United States to engage Raul Castro and other Cuban Government leaders before Fidel Castro's death as a means to positively influence the direction of Cuba's transition, and speculated the Cubans might show more flexibility now than after Fidel is gone. Assistant Secretary Shannon thanked President Zelaya for his interest and promised to convey his kind offer to Secretary Rice. A/S Shannon added that talks are difficult during this uncertain period and that the USG seeks to help Cuba embark on a process towards democratic change. Foreign Minister Jimenez explained that, given Honduras' extensive maritime borders with Cuba, the considerable presence of both pro and anti-Castro naturalized Cubans who now work for the Honduran Government, and long historical connections between the two countries, Honduras maintains particular interest in Cuba and will continue to engage Havana. The Foreign Minister made a point of emphasizing these motives so that Washington would not misinterpret future Honduran dealings with the Cuban regime.

#### Zelaya Promises to Resolve MCC Road Maintenance Concerns

17. (C) Congratulating President Zelaya for his leadership in the MCA-Honduras program, Millennium Challenge Corporation Chief Executive Officer (CEO) John Danilovich urged Zelaya to use his leadership to resolve an outstanding matter involving road maintenance. Ambassador Danilovich explained the MCC program in Honduras (MCA-H) had been flexible with the GOH, and it had not required the passage of a road-maintenance law before initiating the program. (Note: Nicaragua established road-maintenance funding in its national budget before its Compact entered into force.) However, to date, the Honduran Congress had still not passed the required legislation, and

has not budgeted approximately USD 5 million of the total USD 45 million required for road maintenance, said Ambassador Danilovich. President Zelaya, who thanked Ambassador Danilovich for his clarification, commented that, although he knew of the GOH commitment to provide additional maintenance funds, he was unaware legislation is also required. President Zelaya assured Ambassador Danilovich that he will take prompt action on the matter.

18. (U) Participants:

Honduras:

President Jose Manuel Zelaya  
Foreign Minister Milton Jimenez Puerto  
Minister of Poverty Reduction Fernando Garcia  
President of the Liberal Party Executive Council Patricia Rodas

U.S.:

Secretary Michael Leavitt

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MCC CEO John Danilovich  
Assistant Secretary Tom Shannon  
Ambassador Paul Trivelli  
HHS Special Assistant to the Secretary for International Affairs William Steiger  
USAID Director Alex Dickie  
MCA-N Country Director Matt Bohn  
Political Counselor/notetaker Victoria Alvarado

19. (U) This cable was cleared by Secretary Leavitt, MCC CEO Ambassador Danilovich, and Department of State A/S Shannon.  
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